

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2527 - Education Approps (LSB 5192 HV.1)

Analyst: Dwayne Ferguson (Phone: [515] 281-6561) (dwayne.ferguson@legis.state.ia.us)

Fiscal Note Version – Amendment H-8165 to HF 2527

Description

House Amendment 8165 to HF 2527 (Education Appropriations Bill) increases the minimum age to dropout of school to 18 years old. The Amendment also requires each school board to adopt a policy to identify students likely to have difficulty meeting attendance requirements and requires at least one meeting with them and their parents or guardians to develop options.

Background

In the 2003-2004 school year, 3,626 students were identified as drop outs; 1,113 (30.7%) of these students dropped out from grades 7 through 10. They are likely to be less than the current age 16 minimum requirement. The remaining 2,513 were in grades 11 and 12 and were likely older than the age 16 minimum.

Assumptions

1. The new compulsory school age would become effective in FY 2007. These students would be present for the September 2006 headcount and would impact School Foundation Formula funding in FY 2008 and future years.
2. The Department of Education has identified 1,100 students in 2004-2005 that would have been affected by the new minimum age requirement. It is assumed that a larger proportion than the 30.7% that currently drop out before the minimum age will drop out during the last two years of high school regardless of the minimum age requirement. Adjustments also were made for actual age reported in the Department's 2004-2005 data.
3. It is assumed the allowable growth rate will be 4.0% in future years.
4. The increase in school funding will be split approximately 87.5% from State Foundation Aid and 12.5% from property taxes. School districts with a district cost per pupil higher than the State cost per pupil will obtain that difference from property taxes.
5. School districts will have the option of funding the increase in enrollment from on-time funding property taxes in FY 2007. There is no estimate for how many will utilize this option and how many will absorb the cost within their operating budgets. The FY 2007 cost in property tax if all 1,100 students were funded through on-time funding would be approximately \$5.6 million.

Fiscal Impact

The impact of House Amendment 8165 for FY 2007 cannot be determined since it is not known how many school districts will use the on-time funding option and how many will absorb the cost increase. The FY 2008 costs are projected to be \$5.9 million with \$5.1 million coming from State Foundation Aid and \$733,000 coming from Foundation property taxes.

Source

Department of Education

/s/ Holly M. Lyons

March 14, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
